

Developer Group's Coaching Helps Bring Back Retail Services

Milwaukee, Wisconsin, EC

Once known as Milwaukee's second downtown, the northside commercial corridor of Martin Luther King Drive in the Milwaukee EC has suffered dis-investment for decades. Retail services that most people take for granted have been unavailable, and the community development corporations most likely to take on a pioneering retail development in the EC often are inexperienced and lack the technical skills needed to pull the deals together.

"We had heard the barrier is money," says Rich Warren, President of the Community Marketplace Development Institute (CMDI). "In our estimation, there is investment money out there for the inner cities. The primary problem is the expertise gap."

In 1999, CMDI, a consortium of developers, provided technical assistance (TA) on retail projects in the EZ or EC of seven cities: Albany, Atlanta, Des Moines, Milwaukee, Oakland, Tacoma, and Washington. CMDI helped them evaluate sites, prepare appropriate packages of information, and attend the annual meeting of the International Council of Shopping Centers in Las Vegas to meet with potential retail partners. In 2000, the City of Milwaukee is extending the TA program with private foundation funding and Community Development Block Grant funds.

"We show them the ABCs of how to put a development project together," says Randy Roth, Director of the Martin Luther King Drive Business Improvement District (BID) and a local consultant to CMDI in Milwaukee. BID has recruited eight national retailers to the Milwaukee EC during the past 5 years. The retail projects, four of them within the EC, range from a Ponderosa family restaurant to a Hollywood Video store and vary in budget size from \$350,000 to \$15 million. Roth is currently guiding five community groups, including Lisbon Avenue Neighborhood Development Corporation and La Causa, Inc.

"There is a lack of infrastructure for development in distressed, inner-city neighborhoods," Roth explains. "Community development organizations are being asked to create the infrastructure, but they don't have the experience or the specialized skills." To put a commercial development deal together requires staff with expertise in reading financial statements, access to predevelopment funds and sources of equity financing, and familiarity with national organizations that can help such as Fannie Mae, the National Cooperative Bank, the Enterprise Foundation, and Local Initiatives Service Corporation. These national organizations have financial products designed for inner-city revitalization that are not being fully utilized, according to Roth, "CMDI is bridging it, making it work between institutional products and those users out there."

Roth characterizes the inner-city retail market, with its density and large, multigenerational families, as underserved and full of potential. Milwaukee inner-city residents typically drive 20 minutes or ride a bus to the suburbs to rent videos or purchase groceries or clothing.

There is a natural progression of retail businesses returning to the city, Roth points out. First come the fast food stores and the drugstores. These are followed by groceries, videos, discount apparel, and then middle-income apparel. National fast food chains and pharmacies have recently opened stores in the EC. The groups that CMDI is assisting are negotiating with the other types of retail stores mentioned.

“It is tough to develop in a few months all the necessary skills to put these deals together,” Roth says.
“But over time they will build their internal capacity, because these are learned skills that can be picked up through TA.”

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